

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-03 TRSE-00 /033 W

-----051109 030773 /12

R 042253Z MAR 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 2679

INFO AMCONSUL MONTREAL

ALL OTHER AMCONSULS CANADA POUCH

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E.O. 11652:N/A

TAGS: EAIR, EIND, CA

SUBJECT: AEROSPACE INDUSTRY: THE FUTURE OF CANADAIR
AND DE HAVILLAND

REF: OTTAWA 4985, DEC. 17, 1976, PARA 5

1. BEGIN SUMMARY. ITC MINISTER HAS APPOINTED DAVID
GOLDEN TO INVESTIGATE FUTURE PROSPECTS FOR THE GOC-
OWNED AIRCRAFT MANUFACTURERS. RETURN TO PRIVATE
OPERATION WILL BE AMONG THE FACTORS EXAMINED. END
SUMMARY.

BEGIN UNCLASSIFIED

2. DAVID GOLDEN, PRESIDENT OF TELESAT CANADA, HAS BEEN
NAMED BY INDUSTRY, TRADE AND COMMERCE (ITC) MINISTER
JEAN CHRETIEN TO INVESTIGATE THE OPTIONS OPEN TO THE
GOC IN CONNECTION WITH THE FUTURE OF CANADAIR LIMITED,
MONTREAL AND DE HAVILLAND AIRCRAFT OF CANADA LTD.,
TORONTO.

3. ACCORDING TO THE ITC ANNOUNCEMENT: QUOTE. THE
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GOVERNMENT IS UNDERTAKING THIS INVESTIGATION, WITH
THE PARTICIPATION OF BOTH COMPANIES, TO ASSESS THE
VARIOUS FORMS OF CORPORATE STRUCTURE AND RELATIONSHIP
TO GOVERNMENT THAT MIGHT BE MOST APPROPRIATE BOTH IN
THE IMMEDIATE FUTURE AND IN THE LONG-TERM. MR. GOLDEN
WAS ASKED TO UNDERTAKE THE TASK BECAUSE OF HIS WIDE
EXPERIENCE AND PROVEN CAPABILITY IN AEROSPACE, IN

BOTH THE PRIVATE AND THE PUBLIC SECTORS. HE WILL CONTINUE AS PRESIDENT OF TELESAT CANADA. UNQUOTE.

4. MARCH 4 MONTREAL GAZETTE, AFTER REPORTING THE ITC ANNOUNCEMENT, QUOTES GOLDEN IN TELEPHONE INTERVIEW AS SAYING HE WOULD HAVE TO LOOK AT POSSIBILITY OF SALE OF ALL OR PART OF THE TWO COMPANIES BACK TO PRIVATE INDUSTRY, BUT "HE DID NOT KNOW IF IT WAS A WORKABLE IDEA". ARTICLE CONTINUES: QUOTE. HE WOULD BE OUTLINING FOR THE FEDERAL GOVERNMENT WITHIN SIX OR EIGHT MONTHS SEVERAL OPTIONS THAT ARE TECHNICALLY AND ECONOMICALLY WORKABLE. HE WOULD NOT (SIC) BE RECOMMENDING WHICH SOLUTION HE PREFERRED. AMONG THE FACTORS HE WILL BE EXAMINING ARE WHETHER THE TWO COMPANIES SHOULD BE OPERATED SEPARATELY OR AS ONE ORGANIZATION, GOLDEN SAID. HE WOULD ALSO BE LOOKING AT WHETHER THEY SHOULD BE CROWN CORPORATIONS OR 'ASSOCIATED WITH LARGE AIRCRAFT COMPANIES ABROAD.' HE WOULD BE TALKING ABOUT THESE AND OTHER POSSIBILITIES WITH CANADAIR AND DE HAVILLAND AND OTHER INDUSTRY AND GOVERNMENT OFFICIALS. UNQUOTE. END UNCLASSIFIED.

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5. COMMENT: THE FUTURE OF THESE TWO FIRMS IS SOMEWHAT OF AN EMBARRASSMENT TO THE GOC IN THAT THE CIVIL SERVICE HAS BEEN UNABLE TO COME UP WITH AN ACCEPTABLE COURSE OF ACTION WHICH WOULD MEET THREE SOMEWHAT COMPETING OBJECTIVES: (A) MAINTAIN AN EFFICIENT AIRFRAME INDUSTRY IN CANADA UNDER CANADIAN CONTROL; (B) PROTECT THE GOC'S INVESTMENT IN THESE TWO FIRMS; LIMITED OFFICIAL USE

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AND (C) RESTORE THEM TO PRIVATE OWNERSHIP ON OTHER THAN A GIVE AWAY BASIS. THE GOLDEN INVESTIGATION IS THUS A WAY OF TAKING THE CIVIL SERVICE OFF THE HOOK-- BUT IT IS ALSO WELCOMED BY SENIOR OFFICIALS CONCERNED WITH THE INDUSTRY. THEY STILL INSIST THE GOVERNMENT DOES NOT WISH TO BE PERMANENTLY IN THE BUSINESS OF OWNING AIRCRAFT COMPANIES AND DOES NOT WANT TO CONVERT DE HAVILLAND AND CANADAIR TO ONE OR TWO CROWN CORPORATIONS. THEY ALSO SAY THE GOC WISHES TO HAVE INVOLVED WITH THE REORGANIZED ENTITY A SIGNIFICANT FOREIGN (AND HOPEFULLY US) FIRM WHICH COULD PROVIDE LONG-TERM ACCESS TO THE INTERNATIONAL COMMERCIAL MARKET. THEY DO NOT SEE THE MILITARY MARKET AS ONE WITH A SATISFACTORY FUTURE, ALTHOUGH THEY WISH TO PARTICIPATE IN IT TO THE MAXIMUM EXTENT POSSIBLE. NO TIME FRAME FOR THE GOLDEN INVESTIGATION WAS ANNOUNCED BY ITC BUT OFFICIALS ARE HOPEFUL A REPORT WILL BE AVAILABLE BY THE END OF 1977. THAT IS CONSISTENT WITH GOLDEN'S EXPECTATIONS AS STATED IN THE GAZETTE ARTICLE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AEROSPACE INDUSTRY, PERSONNEL APPOINTMENTS, INVESTIGATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OTTAWA01321
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770076-0951
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770392/aaaaddid.tel
Line Count: 117
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9bb9adbd-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 OTTAWA 4985, 77 PARAMARIBO 5
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 20-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3207113
Secure: OPEN
Status: NATIVE
Subject: AEROSPACE INDUSTRY: THE FUTURE OF CANADAIR AND DE HAVILLAND
TAGS: EAIR, EIND, CA, CANAIR LTD, DE HAVILLAND AIRCRAFT OF CANADA LTD, (GOLDEN, DAVID)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/9bb9adbd-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009